

UNITED STATES OF AMERICA
BEFORE
THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D. C.
AND
THE TEXAS DEPARTMENT OF BANKING
AUSTIN, TEXAS

_____)	
Written Agreement by and among)	
)	
WELLINGTON STATE BANK)	
Wellington, Texas)	Docket No. 99-009-WA/RB-SM
)	
and)	
)	
FEDERAL RESERVE BANK)	
OF DALLAS)	
Dallas, Texas)	
)	
THE BANKING COMMISSIONER)	
OF TEXAS)	
Austin, Texas)	
_____)	

WHEREAS, in recognition of their common goal to maintain the integrity of the records and information systems of the Wellington State Bank, Wellington, Texas (the "Bank"), a state chartered bank that is a member of the Federal Reserve System, and to ensure that all mission-critical systems of the Bank will continue to be fully functional before, on, and after January 1, 2000, the Bank, Federal Reserve Bank of Dallas (the "Reserve Bank"), and the Banking Commissioner of Texas (the "Commissioner") have mutually agreed to enter into this Written Agreement (the "Agreement");

WHEREAS, this Agreement is being executed in accordance with the Rules Regarding Delegation of Authority of the Board of Governors of the Federal Reserve System (the "Board of Governors"), specifically 12 C.F.R. 265.11(a)(15), and the Reserve Bank has received the prior approval of the Director of the Division of Banking Supervision and Regulation and the General Counsel of the Board of Governors to enter into this Agreement with the Bank; and

WHEREAS, on 5 - 12, 1999, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing, Richard M. Sims, to enter into this Agreement on behalf of the Bank, and consented to compliance by the Bank and its institution-affiliated parties, as defined in section 3(u) of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1813(u)) (the "FDI Act"), with each and every provision of this Agreement.

NOW, THEREFORE, before the taking of any testimony or adjudication of, or finding on any issue of fact or law herein, and without this Agreement constituting an admission of any allegation made or implied by the Board of Governors or the Commissioner, the Bank, the Reserve Bank, and the Commissioner agree as follows:

1. The Bank shall take the following actions to ensure that its internal and external mission-critical systems are Year 2000 compliant:

(a) Within 10 days of this Agreement, appoint a senior manager, acceptable to the Reserve Bank and the Commissioner and accountable to the board of directors, who will be responsible for supervising the Bank's Year 2000 readiness efforts and will devote a substantial amount of time to Year 2000 compliance matters, and appoint whatever additional staff is necessary to support this effort;

(b) within 10 days of this Agreement, identify and allocate financial and other resources necessary to achieve Year 2000 compliance; and

(c) by June 30, 1999, successfully complete testing the Year 2000 readiness of all mission-critical systems acquired after November 1, 1998, and complete implementation of such systems.

2. Within 30 days of this Agreement, the Bank shall complete a written evaluation of the Year 2000 preparedness of customers that the Bank has identified as representing material risk exposure to the Bank, assess their existing and potential Year 2000 risk to the Bank, and implement appropriate risk controls, including controls for underwriting risk and appropriate allocations to the Bank's allowance for loan and lease losses, to manage and mitigate their Year 2000 risk to the Bank.

3. Within 30 days of this Agreement, the Bank shall submit to the Reserve Bank and the Commissioner an acceptable written Year 2000 business resumption contingency plan to mitigate operational risks that may be caused by failures of the Bank's core

business processes. The plan shall, at a minimum, address, consider, and include the following:

(a) Primary objectives, including, but not limited to, minimizing disruptions of service to the Bank and its customers; the timely resumption of operations; and establishment of organizational planning guidelines that define the Bank's business continuity planning strategy; and limiting losses to the Bank due to disruptions;

(b) specific recovery steps for each core business function and product; and

(c) a requirement for the periodic update of the plan as needs and circumstances require.

4. (a) The Bank's Year 2000 Committee shall (i) meet at least bi-weekly to review and monitor the Bank's Year 2000 compliance efforts, and (ii) prepare monthly written reports to the Bank's board of directors detailing the Bank's Year 2000 compliance efforts.

(b) The board of the directors of the Bank shall (i) meet at least monthly to review and monitor the Bank's Year 2000 compliance efforts, and (ii) maintain full and complete minutes of its actions relating to the Bank's Year 2000 compliance efforts, which shall be submitted to the Reserve Bank and the Commissioner within 5 days of each board meeting.

5. Within 5 days of the end of each month following the date of this Agreement, the Bank shall furnish to the Reserve Bank and the Commissioner written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement and the results thereof. Such reports may be discontinued when the Reserve Bank and the Commissioner have, in writing, released the Bank from making further reports.

6. The plan required by paragraph 3 hereof shall be submitted to the Reserve Bank and the Commissioner for review and approval. The Reserve Bank and the Commissioner may comment on the plan. An acceptable plan shall be submitted to the Reserve Bank and the Commissioner within the time period set forth in paragraph 3 hereof. The Bank shall adopt the approved plan within 10 days of approval by the Reserve Bank and the Commissioner and then shall fully comply with it. During the term of this Agreement, the Bank shall not amend, except for the periodic updates specified in paragraph 3(c) hereof, or rescind the approved plan without the prior written approval of the Reserve Bank and the Commissioner.

7. All communications regarding this Agreement shall be sent to:

(a) Mr. Basil J. Asaro
Vice President
Federal Reserve Bank of Dallas
P.O. Box 655906
Dallas, Texas 75265-5906

(b) Mr. Randall James
Deputy Commissioner
Texas Department of Banking
2601 North Lamar
Austin, Texas 78705

(c) Mr. Richard Sims
President
Wellington State Bank
P.O. Box 1032
Wellington, Texas 79095

8. The provisions of this Agreement shall be binding upon the Bank and each of its institution-affiliated parties, in their capacities as such, and their successors and assigns.

9. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated or suspended by the Reserve Bank and the Commissioner.

10. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank and the Commissioner may, in their sole discretion, grant written extensions of time to the Bank to comply with any provision of this Agreement.

11. The provisions of this Agreement shall not bar, estop, or otherwise prevent any federal or state agency or department from taking any other action affecting the Bank or any of its current or former institution-affiliated parties and their successors or assigns.

12. This Agreement is a "written agreement" for the purposes of section 8 of the FDI Act (12 U.S.C.1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be
executed as of the 12 day of May, 1999.

Wellington State Bank

Federal Reserve Bank of Dallas


By: Richard M. Linn

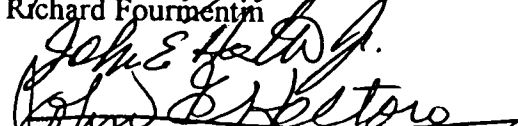
By: E. Ann Lortz


The Banking Commissioner of Texas

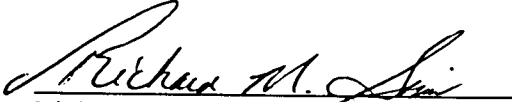
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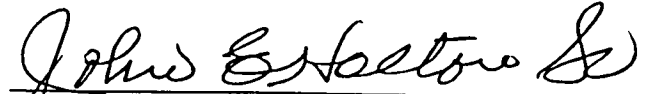
The undersigned directors of the Bank each acknowledge having read the foregoing Agreement and approve of the consent thereto by the Bank.



Richard Fourmentin



John E. Holton, Jr.


James Danny Martin


Richard Sims


John E. Holton, Sr.


Forrest Lloyd


Dannie Morris